



DEPUTY SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1010

FEB 4 2004

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
UNDER SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: Implementation of the Defense Business Practice Implementation Board (DBB) Recommendation to the Senior Executive Council (SEC) on Continued Progress on Performance Based Logistics

My memorandum of October 28, 2003 designated the Under Secretary of Defense (Acquisition, Technology & Logistics) as the lead for implementing the Performance-Based Logistics (PBL) initiatives resulting from the DBB's Supply Chain Support Task Group.

The DBB found PBL to be a best business practice which was being implemented sporadically throughout the Department. While the Task Group identified a number of specific successes to the SEC, it recommended a more aggressive approach to implementing PBL across the Services.

Delay in implementing this practice complicates our funding, limits industry flexibility, and increases DoD inventory. We must streamline our contracting and financing mechanisms aggressively to buy availability and readiness measured by performance criteria.

I direct the USD(AT&L), in conjunction with Under Secretary of Defense (Comptroller), to issue clear guidance on purchasing using performance criteria. I direct each Service to provide a plan to aggressively implement PBL, including transfer of appropriate funding, on current and planned weapon system platforms for Fiscal Year 2006-2009. This report should be forwarded within 120 days of the date of this memorandum. A 60-day interim update shall be provided to the USD(AT&L).

The DBB's Supply Chain Support Task Group shall update its report to the SEC by June 30, 2004. Any questions may be referred to Mr. Lou Kratz, Assistant Deputy Under Secretary of Defense (Logistics Plans and Programs); phone (703) 614-6082; e-mail: Louis.Kratz@osd.mil.

Louis Kratz

cc: USD(AT&L)



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